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September 13, 2004

HAND DELIVERED
c/o CPUC San Diego Office

Energy Division - IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA. 94102-3214

Subject: Protest of San Diego Gas & Electric Company
Advice Letters 1618-E and 1616-E

The City of San Diego (City) hereby protests Advice Letters 1618-E and 1616-E filed by San Diego Gas & Electric Company (SDG&E) on August 23, 2004. These Advice Letters concern: (1) Establishment of Schedule NEM-CT – Net Energy Metering for Combined Technology Generation Facilities; and (2) Revisions to Electric Rule 21, Interconnection Standard for Non-Utility Owned Generation. The Advice Letters maintain that a schedule for net metering on combined technology generation facilities is necessary to cover those types of installations (i.e. installations combining technology eligible for net metering under Public Utilities Code section 2827 with other distributed generation technology). The City does not disagree that such a tariff may be necessary; however, it does disagree with and hereby protests the following specific details of the tariffs for net energy metering for such combined technology installations:

- Sheet 1 of Schedule NEM as attached to Advice Letter 1618-E should make clear under “Applicability” that only the output from the solar or wind turbine generating facility will be counted toward the utility’s one-half of one percent of aggregate peak demand calculations.
- Special Conditions (2) – Metering Equipment included on Sheet 1 of Schedule NEM-CT creates requirements not reflected in existing legislation or Public Utilities Code section 2827. These requirements should be stricken from the tariff schedule.
- The Rule 21 requirements and the NEM-CT tariff should allow the export of power from a combined technology installation to the grid in an amount up to the output of the solar or wind turbine generating facility.

Advice Letters should be properly confined to effect ministerial modifications to Commission- approved tariffs; they should not be the vehicle to implement new policy or to establish rules that properly should be derived in applications or rulemakings. The City has the following concerns about the subject Advice Letters:

- (a) SDG&E provides no basis in policy or law for the structure of the tariffs it requests. In fact, adoption of the tariffs on the terms proposed by SDG&E would be contrary to the stated policies of the Commission relative to clean distributed generation. The proposed tariffs would prohibit export of distributed generation and will cause customers who intend to develop combined technology systems to size them smaller due to the export restraints.
- (b) The Advice Letters as proposed would likely result in smaller and less efficient combined technology generation systems being installed in the San Diego area. In turn, loads that could otherwise be served by larger, cleaner distributed generation systems would instead need to be served by less clean conventional generation from the grid. The Legislature and the Commission have expressed policies to encourage, not discourage, the development of clean distributed generation in order to enhance system reliability and reduce emissions. Assembly Bill 970 and SB 1078 express these policies and contain provisions for distributed generation incentives to promote, not discourage, the development of clean distributed generation. SDG&E's proposed tariffs are inconsistent with these objectives.
- (c) Advice letters are not the proper approach to addressing the policy issues raised by combined technology distributed generation. The City recognizes that SDG&E may require a tariff to serve such installations, but Commission direction should come after more careful consideration. These issues should be addressed in the context of the distributed generation rulemaking, R.04-03-017, or another appropriate proceeding.

Sincerely yours,

CASEY GWINN, City Attorney

By

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